GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Infrastructure and Investment Department - Andhra Pradesh Maritime Policy 2024 - Orders – Issued.

INFRASTRUCTURE AND INVESTMENT (PORTS) DEPARTMENT

G.O.MS.No. 21 Dated: 11-12-2024

1. G.O.Ms.No.14, I&I(PORTS) Dept. dated 27.11.2015
2. From the Chief Executive Officer, AP Maritime Board e-office file No. 2640263

ORDER:

Andhra Pradesh, with a long coastline of 1053.7 kilometres, is strategically positioned to leverage its maritime potential and use it as catalyst to drive economic development of the state. The state with a major port in Visakhapatnam and five (5) operational non-major ports plays a pivotal role in India's maritime sector. AP's Non-major Ports ranked second (2nd) in EXIM cargo handling during FY23, with 117.62 MMTPA at 66% utilization. State is also establishing four (4) new Greenfield ports at Mulapeta, Kakinada Gateway, Machilipatnam & Ramayapatnam to ensure comprehensive realization of coastal hinterland potential. Notably, Andhra Pradesh is the only state with three (3) industrial corridors: Visakhapatnam-Chennai Industrial Corridor (VCIC), Chennai-Bangalore Industrial Corridor (CBIC), and Hyderabad-Bangalore Industrial Corridor (HBIC). All these developments necessitates state to critically examine the maritime sector and come out with enabling policy provisions to facilitate new initiatives.

2. In the reference 1st read above, Andhra Pradesh Port Policy, 2015 was released. The policy shall be reviewed and revised at the end of every five years, based on the experience of Port Development functions in the preceding five years period. In the reference 2nd read above, the CEO, APMB, after wide ranging consultations with stakeholders has proposed the draft Andhra Pradesh Maritime Policy 2024 to facilitate the overall development and growth of wide spectrum of maritime activities. To promote economic growth driven by coastal development and reinforce Andhra Pradesh's position as a major exporting state, the Government recognizes the need for world-class maritime infrastructure. Therefore, the new maritime policy aims to address the potential growth in a comprehensive and holistic manner.

3. The Andhra Pradesh Maritime Policy 2024 envisions an integrated holistic approach, covering port development, port-led industrialisation, shipbuilding clusters, logistics infrastructure, maritime services and skills development with environmental sustainability. The policy lays down the principles for achieving the Maritime Vision of the state; "Empowering a prosperous maritime future of Andhra Pradesh, where sustainable maritime infrastructure growth, coastal development, and efficient logistics unite to drive competitiveness and economic growth by leveraging its long coastline, locational and natural advantage."

4. The Policy envisages to develop and foster a conducive environment for achieving the vision through the following mission statements:

- Establish Andhra Pradesh as India's Maritime Gateway by 2030, where World-Class Infrastructure, Efficient Logistics, and Sustainable Growth converge to propel Competitiveness.
- Develop a thriving maritime industry contributing significantly to the state's economy and creating substantial employment opportunities.
- Promote sustainable and inclusive maritime development that benefits all stakeholders and Citizens including coastal communities.

5. This policy sets out a comprehensive framework with four pillars aimed at driving growth and sustainability in the maritime sector:

a. Ports & Terminal Development
    - Enhancing cargo handling capacity and boosting EXIM trade under Ports & Terminal Development

b. Port Proximal Area Development
    - Enabling Ecosystem of Industrial clusters, logistics centers, and urban development attracting private investment & leveraging public-private partnerships under Port Proximal Area Development

c. Shipyard & Cluster Development
    - Establishing modern shipyards and repair facilities, promoting Innovation and Technology Adoption, and attracting investment in shipbuilding and ship-repair sector under Shipyard & Cluster Development

d. Allied Maritime Activities
    - Developing navigable waterways to facilitate safe and efficient inland water transport, designing industry-relevant curricula and training programs to equip the workforce skills, and investing in research and training initiatives focused on innovative maritime technologies and best practices under Allied Maritime Activities

6. The policy intends to achieve the following targets during its operative period:

- Mega Port: At least one port ranked among the top 20 global ports.
- Cargo Share: Attain 20% of the total cargo handled by all Indian ports by 2047.
- Port Utilization: To maintain an optimal utilization rate of 75% by 2030.
- Turnaround Time: Reduction of turnaround time to less than 15 hrs.
- Maritime Workforce: Train 5,000 professionals by 2028 through the establishment of Maritime University and Skill Development Centres across the state.
- Shipbuilding & Ship Repair: In line with India's maritime vision documents (MIV'30, MAKV'47), to establish a Global Shipyard to cater to the present as well as future demand. To grow AP's share in national target in ship building sector the target is 25% by 2047.
- Sustainable Ports: To develop safer and sustainable non-major ports.

- Administrative Efficiency: Introduce a single-window clearance system for port operations and various other maritime activities

7. The Government, after examining the proposal, hereby approve and adopt the Andhra Pradesh Maritime Policy 2024 annexed herewith to this order, which comes into immediate effect. The policy shall become operational into immediate effect until it is reviewed and revised.

8. The Andhra Pradesh Maritime Board will be the Nodal agency for the implementation of Andhra Pradesh Maritime Policy 2024.

9. This order issues with the concurrence of Finance Department vide their U.O Note No. FIN01-FMU0ASD(IIE)/18/2024 (Computer No.2640899) dated 02.12.2024.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.SURESH KUMAR
SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, AP Maritime Board
All Departments in AP Secretariat.
All the District Collectors in A.P.
Copy to
The OSD to Additional Secretary to Hon'ble C.M.
The PS to Hon'ble M(I&I)
The GA(Cabinet) Dept.,
The Finance Department.
The PS to Chief Secretary to Government.
The PS to Secretary to Government, I&I Department
Sf/Sc.(C.No.INI01-PORT/88/2024 Computer No. 2640819)

// FORWARDED BY ORDER //

SECTION OFFICER

ANNEXURE

(Annexure to G.O.Ms. No. 21 , I & I (Ports) Department, Dt:11.12.2024)

ANDHRA PRADESH MARITIME POLICY 2024

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1. Acronym

AP	Andhra Pradesh (State)
APEDB	Andhra Pradesh Economic Development Board
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APIWA	Andhra Pradesh Inland Waterways Authority
APMB	Andhra Pradesh Maritime Board
APMP 2024	Andhra Pradesh Maritime Policy 2024
APPCB	Andhra Pradesh Pollution Control Board
APRDC	Andhra Pradesh Road Development Corporation
APTDC	Andhra Pradesh Tourism Development Corporation
APTRANSCO	Transmission Corporation of Andhra Pradesh Ltd.
BOT	Built Operate Transfer
CoE	Center of Excellence
CAGR	Compound Annual Growth Rate
CEMS	Centre of Excellence in Maritime and Shipbuilding
CEZ	Coastal Economic Zones
CFE	Consent For Establishment
CFS	Container Freight Station
COD	Commercial Operation Date
CSS	Centrally Sponsored Scheme
DBFOT	Design, Build, Finance, Operate and Transfer
DCP	Date of Commencement of Project
DDU-GKY	Deen Dayal Upadhyay Grameen Koushalya Yojana
DPR	Detailed Project Report
EIAR	Environmental Impact Assessment Report
EXIM	Export-Import
FAP	Financial Assistance Policy
FCI	Fixed Capital Investment
FPO	Farmer Producer Organization
FTWZ	Free Trade Warehousing Zone
GoAP / Govt. of AP	Government of Andhra Pradesh
GoI	Government of India

GSDP	Gross State Domestic Product
GST	Goods and Services Tax
ICD	Inland Container Depot
IDP 4.0	AP Industrial Development Policy 4.0 (2024-29)
IIPDF	India Infrastructure Project Development Fund
IIT	Indian Institute of Technology
IMU	Indian Maritime University
KPI	Key Performance Indicators
LNG	Liquefied Natural Gas
MoPSW	Ministry of Ports, Shipping & Waterways
MoU	Memorandum of Understanding
MA&UD	Municipal Administration & Urban Development
MAKV'47	Maritime Amritkaal Vision 2047
MCA	Model Concession Agreement (MCA) 2021
MGC	Minimum Guaranteed Cargo
MIV'30	Maritime India Vision 2030
MLD	Mega Liters per Day
MMLP	Multi-Modal Logistics Parks
MMTPA	Million Metric Tons Per Annum
MSME	Micro, Small & Medium Entrepreneurs
NREDCAP	New & Renewable Energy Development Corporation of AP Ltd.
NW	National Waterway
O&M	Operate and maintain
OMT	Operate-Maintain-Transfer
PDI	Port Dependent Industries
PFT	Private freight Terminal
PLI	Production Linked Incentive
PPA	Port Proximal Area
PPP	Public-Private Partnership
PPPP/4P	People-Public-Private Partnership
PR&RD	Panchayat Raj & Rural Development
R&D	Research & Development

RO-RO/RO-PAX	Roll On - Roll Off
RFP	Request For Proposal
SBFAP	Ship Building Financial Assistance Policy
SDP	Single Desk Portal
SEEDAP	Society For Employment Generation and Enterprise Development in Andhra Pradesh
SEZ	Special Economic Zone
SGST	State Goods and Services Tax
SHG	Self Help Group
SMWTC	State Maritime & Waterways Transport Committee
SOR	Schedule of Rates
SPA	Shipyard Proximal Area Development
SPV	Special Purpose Vehicle
ToR	Terms of Reference
TA	Technical Assistance
TEFR	Techno-Economic Feasibility Report
TPA	Tons Per Annum
UEMOT	Upgrade, Equip, Maintain, Operate and Transfer
VAT	Value-Added Tax
VGF	Viability Gap Funding
WFR	Water Front Royalty

2. Definition

Definitions in this Policy, unless the context otherwise requires:

i. **Andhra Pradesh Maritime Board or APMB**: The Andhra Pradesh Maritime Board (APMB) is a statutory body established by the State Government of Andhra Pradesh and includes any authorized officers or personnel.

ii. **Barge:** A boat with a flat bottom used for transporting goods.

iii. **Brownfield Port/Terminal/Jetty:** An asset/project (Port/Terminal/Jetty) that is constructed, restructured, or upgraded on a previously developed site.

iv. **Captive Jetty/Terminal/Port** means a Jetty/Port/Terminal constructed for loading and unloading of cargo by a port-based industry for loading and unloading their captive industrial raw materials or finished products.

v. **Coastal Economic Zone:** An agglomeration of firms, institutions, businesses, and other industry players in the maritime sector that are geographically located close to each other and have a synergy between their activities.

vi. **Coastal Shipping:** The shipping of cargo from one jetty/berth/port/terminal to another jetty/berth/port/terminal within India using ships/vessels specific for this purpose.

vii. **Concessionaire (Private Developer):** The individual, group, company, or authorized agency that develops, promotes and/or operates the port. The Party responsible for the development of the port/terminal.

viii. **Commercial Port/Berth/Jetty/Terminal:** A port/berth/jetty/terminal where all the cargos including captive and commercial are handled.

ix. **DBFOT** means "Design, Build, Finance, Operate and Transfer", a form of project development in PPP mode.

x. **Greenfield Port:** A port that is newly constructed on a previously undeveloped site for commercial purposes.

xi. **Hinterland:** The geographical region over which a port has the dominant market share.

xii. **Jetty:** Artificial structure into the sea enabling passage for passengers and cargos to and from the vessel.

xiii. **Landlord Port:** A port authority that acts as a developer of port facilities and a regulator & controller of port activities of private & public port operators and of land use, and as a provider of marine services.

xiv. **Major Port**: Any port designated by the Government of India as a major port under the Major Port Trusts Act 1963.

xv. **Port-Dependent Industries (PDI)**: PDI refers to industries that rely on ports or waterfronts for the import or export of their primary cargo. These industries require direct access to port facilities to streamline the movement of bulk goods and raw materials, significantly reducing transportation costs and time. Examples of such industries may include coal, cement, steel, power generation, and LPG etc. Only PDIs will be considered for establishment within the industrial zones of the Port Proximal Area, ensuring that the land and resources are optimally utilized for industries with direct maritime logistics requirements.

xvi. **PPP Port:** A PPP (Public-Private Partnership) port is a collaborative arrangement where public sector entities (such as government agencies) and private sector companies work together to finance, develop, and operate port infrastructure and services.

xvii. **Private Port/Jetty:** A port/jetty/wharf, that is newly constructed, renovated, or modernized with mechanized handling by a private party with private investment or leased by GoAP to the private party.

xviii. **Privatization:** Transfer of a business, industry, or service from public to private ownership and control.

xix. **Royalty Rate:** The Royalty payable by the Concessionaire to the Government (Concessioning Authority) for the specified cargo following the Policy.

xx. **Subsidy:** Financial assistance in cash or kind provided by the State Government, the Government agency, or the specified Government agency.

xxi. **UEMOT** means "Upgrade, Equip, Maintain, Operate and Transfer", a form of project development in PPP mode.

xxii. **Vessel:** Barges, boats, tugs, launches, or any other mechanized or non-mechanized floating craft and includes anything made for the conveyance of human beings or goods mainly by water.

xxiii. **Waterfront Royalty or WFR** means the amount payable by the Concessionaire (Private Developer) to the State Government, per ton of cargo handled at the Port, based on the actual cargo throughputs achieved.

3. Preamble

3.1. Background

Andhra Pradesh is strategically located in the central part of the Eastern Coast of India with a coastal length of 1,053 kilometers, one of the longest in India. As per the Directorate of Economics and Statistics, Andhra Pradesh ranks 7th amongst the top 10 largest states in terms of the Real GSDP Y-o-Y growth for FY 24.

Andhra Pradesh, the eighth (8th) largest state in the country, is an agrarian state with 60% of the state population employed in agriculture and related activities, which makes food processing one of the major thrust areas for the state. Andhra Pradesh has become the top contributor (Ranks 1st) to India's seafood exports, achieving $ 7.38 billion (Rs 60,523 crore) in 2023-24, accounting for 32% of the total seafood export. The State also ranked eighth (8th) in the Export Preparedness Index 2022, by contributing to the Top 5 exporter states of India (by value) in terms of export of organic/inorganic chemicals, drugs & Pharmaceutical products.

Notably, Andhra Pradesh is the only state with three (3) industrial corridors: Visakhapatnam-Chennai Industrial Corridor (VCIC), Chennai-Bangalore Industrial Corridor (CBIC), and Hyderabad-Bangalore Industrial Corridor (HBIC).

3.2. Overview of the Maritime Sector in Andhra Pradesh

Andhra Pradesh State offers tremendous potential for the development and growth of a wide spectrum of maritime activities. The seaports in India account for 95% of the merchandise trade.

The state has one major port, Visakhapatnam, and five 5 operational non-major ports namely: Gangavaram, Krishnapatnam, Kakinada Deepwater & Anchorage Ports, Ravva Port (a captive port) - under the jurisdiction of the Andhra Pradesh Maritime Board (APMB). Established under the AP Maritime Act of 2019, APMB oversees and manages the state's maritime assets. AP's Non-major Ports ranked second (2nd) in EXIM cargo handling during FY23, with 117.62 MMTPA at 66% utilization. APMB is ideating port-led development by establishing four (4) new Greenfield ports at Mulapeta, Kakinada Gateway, Machilipatnam & Ramayapatnam, amongst others, to ensure the comprehensive realization of coastal hinterland potential. Seven other Notified Ports include Meghavaram, Kallingapatnam, Bheemunipatnam, Nakkapalli, Narsapur, Nizampatnam, and Vodarevu.

To promote economic growth driven by coastal development and to reinforce Andhra Pradesh's position as a major exporting state, GoAP recognizes the need for world-class maritime infrastructure. Therefore, it has proposed a new maritime development policy to address this need comprehensively and holistically.

4. Policy Period & Applicability

4.1. Policy Period

This policy may be called the **"Andhra Pradesh Maritime Policy, 2024 (APMP -2024)"**. APMP 2024 will come into effect from the date of its notification and will remain in force until a new or revised policy is notified. This policy is developed considering the latest advancements in new technologies and the prevailing global scenario. It is subject to periodic review and updates to adapt to changing

circumstances and evolving best practices. Amendment to any of the clauses of the APMP -2024 may be made with the approval of GoAP.

4.2. Applicability

The Policy will apply to the state for the development of the entire maritime ecosystem and will include the following subsectors:

- Port Development
- Development of Port Proximal Area
- Shipbuilding, Repair, and Recycling
- Shipyard Industrial Cluster
- Fishing Harbors and allied activities
- Coastal Shipping
- Inland Waterways
- Diversifying & Upgrading Tourism offerings
- Safe Sustainable & Green Maritime Sector
- Maritime-related Education, Training and Research Facilities
- Efficiency through Regulation, Technology & Innovation

5. Policy Framework

5.1. Vision & Mission

5.1.1. Vision

“Empowering a Prosperous Maritime Future of Andhra Pradesh, where Sustainable Maritime Infrastructure Growth, Coastal Development, and Efficient Logistics Unite to Drive Competitiveness and Economic Growth by leveraging its long coastline, locational and natural advantage".

5.1.2. Mission

Through this policy, GoAP envisions creating a conducive environment for maritime development by achieving the following mission statements:

- Establish Andhra Pradesh as India’s Maritime Gateway by 2030, where World-Class Infrastructure, Efficient Logistics, and Sustainable Growth converge to propel Competitiveness.
- Develop a thriving maritime industry contributing significantly to the state's economy and creating substantial employment opportunities.
- Promote sustainable and inclusive maritime development that benefits all stakeholders and Citizens including coastal communities.

5.2. Need for the Policy

The Andhra Pradesh State Government is responsible for the development and management of Non-major Ports. Over the past two decades, it has issued policies for maritime development to boost and regulate the maritime sector. The first and most recent policy in this regard is the Andhra Pradesh Port Policy introduced in 2015. The following are the major focus areas under this Policy:

- Focus on Port Development
- Preferred Destinations for Cargo from Central and North India
- Encouraging Private Sector Involvement
- Promoting Competition and Transparency

However, the Policy has run its course, and there is a need to formulate a new Maritime Policy by taking into account the current circumstances. Hence there is a need to establish a new comprehensive policy with the following approach:

- Holistic Approach to Maritime Development
- Emphasis on Integrated Growth
- Sustainable Practices
- Expanded Opportunities
- Focus on Port as a Hub of Economic Activity

5.3. Key Targets

The following are the key targets to be achieved under this policy:

- Mega Port: At least one port ranked among the top 20 global ports.
- Cargo Share: To handle 20% of the total cargo handled by all Indian ports by 2047.
- Port Utilization: To maintain an ideal utilization rate of 75% by 2030.
- Turnaround Time: Reduction of turnaround time to less than 15 hrs.
- Maritime Workforce: Train 5,000 professionals by 2028 through the establishment of Maritime University and Skill Development Centers across the state.
- Shipbuilding & Ship Repair: In line with India's maritime vision documents (MIV'30, MAKV'47), to establish a Global Shipyard to cater to the present as well as future demand.
- Sustainable Ports: To develop safer and sustainable non-major ports.
- Administrative Efficiency: Introduce a single-window clearance system for port operations and various other maritime activities.

6. Pillars of Andhra Pradesh Maritime Policy 2024

6.1. Overview

The Government has outlined key focus areas under the Andhra Pradesh Maritime Policy (APMP) 2024 to ensure comprehensive development of the maritime sector. These focus areas are broadly termed as pillars of APMP 2024, as illustrated in the following figure. This comprehensive approach seeks to establish Andhra Pradesh as a leading Maritime state in India, significantly boosting the state's economy and creating substantial employment opportunities.

PORTS & TERMINAL DEVELOPMENT
Enhancing Cargo Handling Capacity
Boosting EXIM trade
PORT PROXIMAL AREA DEVELOPMENT
Enabling Ecosystem of Industrial clusters, Logistics centers and Urban Development
Attracting private investment & leveraging Public-Private
SHIPYARD & CLUSTER DEVELOPMENT
Establish World-class Shipyards and allied facilities
Innovation and Technology Adoption
Attract investment in Shipbuilding and Ship Repair sector
ALLIED MARITIME ACTIVITIES
Develop navigable waterways to facilitate safe and efficient Inland Water Transport
Designing industry-relevant curricula and training programs to equip the workforce skills
Investing in research and training initiatives focused on innovative maritime technologies and best practices

6.2. Ports & Terminal Development

The Non-Major Ports (both existing & upcoming) under the GoAP will be offered for commercial development through private participation. A Mega Port will be established under GoAP that will act as a central hub for cargo movement to/from the hinterland and as a major EXIM Trade Centre. All the Notified Non-major Ports of Andhra Pradesh state will be developed based on the state models, this will be promoted to leverage the geographical advantage of being located centrally on the east coast of India and close to the countries in the Bay of Bengal region. The life cycle stages that will be followed for the development of Non-major Port Infrastructure are briefly described as follows:

6.2.1. Licensing of Commercial Ports- Greenfield

Licensing of Commercial Ports (especially Greenfield Ports) is broadly segmented into two (2) models. Under these models, ownership of the Port Land & Waterfront allotted to the Concessionaire (Private Developer) will rest with GoAP. The State will license the land to the Concessionaire as per the Land Policy and Guidelines approved by the GoAP.

Model 1: Landlord Model for Port Operation & Maintenance

i. The development of certain core infrastructure for commercial ports will be under GoAP, the development activity broadly consists of the following items:
   - Construction of breakwater
   - Capital dredging of the approach channel
   - Rail/road connectivity infrastructure

ii. Depending on the viability of the project, the GoAP would engage private developers to develop certain ancillary infrastructure such as :
   - Construction of terminals, berths & jetty,
   - Construction of warehouses, buildings, and other port-related facilities through Public-Private Partnerships (PPP)

iii. The cost of repair & maintenance and management (O&M) of the Project during the license period will be borne by the Concessionaire (Private Developer) and no liabilities whatsoever will devolve on GoAP at any point in time.

Model 2: Public Private Participation (PPP) Model

i. Under this model, the GoAP will act as a Concessioning Authority and will be providing statutory support in obtaining necessary approval and clearances rather than developing core infrastructure for the port operation.
ii. The Concessionaire (Private Developer) would undertake comprehensive development of the port, including both core and ancillary infrastructure as mentioned in Model 1, facilities through relevant Public-Private Partnerships (PPP) models as mentioned in the Policy
iii. The construction & upgradation of infrastructure for the ports will be provided by the Concessionaire (Private Developer) based on the design approved by the GoAP.
iv. The cost of construction, repair & maintenance, and management (Operation & Maintenance) of the Project during the license period will be borne by the Concessionaire (Private Developer) and no liabilities whatsoever will devolve on GoAP at any point in time.
v. GoAP will make the following necessary provisions:
    - Ensure national security and public order
    - Performance evaluation
    - Audit of cargo traffic and accounts
    - Development of infrastructure for the benefit of the People of the state such as Ro-Ro/Ro-Pax terminal, Coastal terminal, Cruise terminal, fishing jetties, etc.
    - Safety-related audits
    - Improvement of local livelihood through skill development and job creation
    - Betterment of the Coastal Community

The concession period and mode of transfer of assets at the end of the period in both models will be based on the mutually agreed concessionaire agreement based on the PPP model on a project-to-project basis.

Framework for Transitioning Port Operations in Andhra Pradesh from Landlord Model to PPP Model:

The Government of Andhra Pradesh will conduct a comprehensive assessment of the Landlord ports to identify opportunities for optimizing operational efficiency and infrastructure development. This assessment will explore potential Public-Private Partnerships to leverage private expertise and investment in port operations while maintaining the core responsibilities and oversight under the GoAP's regulatory control. This collaborative effort aims to operate the Port efficiently, improve service delivery, and promote economic growth in the region.

This transition will align with global best practices, the Model Concession Agreement (MCA) 2021 issued by the Ministry of Ports, Shipping and Waterways (MoPSW), and insights from the World Bank's studies on PPP models. This framework will be specific to the context and needs of Non-major Ports of Andhra Pradesh.

1. **Port-Specific PPP Models**

   Building on the in-depth assessments of all ports in Andhra Pradesh, considering factors like existing infrastructure, cargo type, traffic volume, and market potential, the GoAP will adopt

tailored PPP models. There are broadly three models that are used for the implementation of Public-Private Partnership projects which are as follows:

- **BOT (Build-Operate-Transfer):** For ports requiring significant infrastructure development, encouraging private investment in terminal construction and operations.
- **OMT (Operate-Maintain-Transfer):** For existing ports with well-developed infrastructure, leveraging private expertise for maintaining and enhancing facilities.
- **Lease Model**: For smaller ports or specific terminals, allocating operations to private entities through structured lease agreements with clear performance benchmarks.

2. **Financial Framework and Revenue Sharing**
    - **Dynamic Revenue-Sharing Models:** Implement throughput-based royalty payments or gross revenue-sharing agreements that align public revenue with port performance, ensuring both the public and private sectors benefit from increased efficiency and traffic.
    - **Minimum Revenue Guarantees:** Incorporate minimum guarantees to safeguard the state's financial interests during periods of demand volatility, providing a safety net for public revenue.
    - **Financial Modelling and Viability:** Conduct thorough financial modeling for each PPP project to assess the long-term viability of different models and revenue-sharing mechanisms. This will include sensitivity analysis to evaluate the impact of various factors on project profitability and state revenue.

3. **Risk Allocation**
    - **Demand Risk:** Primarily allocated to Concessionaires (Private Developers), as they are better equipped to drive traffic and manage market uncertainties.
    - **Operational Risk:** Responsibility for efficient maintenance, staffing, and technological upgrades rests with private entities.
    - **Regulatory and Sovereign Risk:** The GoAP (public sector) ensures policy stability, transparent governance, and effective dispute resolution mechanisms to protect private investments.
    - **Dispute Resolution:** Establish clear and efficient dispute resolution mechanisms, such as arbitration or mediation, to address potential conflicts between the GoAP and Concessionaire (Private Developer).

4. **Performance Monitoring and Accountability**
    - **Key Performance Indicators (KPIs):** Establish robust KPIs, including cargo handling efficiency, turnaround times, environmental impact metrics, and safety records. These KPIs will be linked to Concessionaire (Private Developer) incentives and penalties.
    - **Independent Oversight:** A dedicated port regulatory authority will oversee compliance with concession agreements, ensure adherence to KPIs and international benchmarks, and promote transparency and accountability.
    - **Technology Integration:** Encourage the adoption of modern technologies, such as digital platforms for cargo tracking, port management systems, and automation technologies, to enhance efficiency and competitiveness.

5. **Implementation Roadmap**

Phase 1: Preparation and Stakeholder Engagement

- **Port-Specific Assessments:** Conduct detailed feasibility studies for all the ports, integrating World Bank methodologies for PPP viability assessment and considering the unique characteristics of each location.
- **Stakeholder Consultations:** Engage with local and industry stakeholders, and financial institutions to gather feedback, address concerns, and build consensus on the transition models.

Phase 2: Policy and Regulatory Framework:

- **Model Concession Agreements (MCA):** Develop comprehensive model concession agreements incorporating international best practices, MCA-2021 issued by MoPSW, and addressing the specific needs of Non-major Ports of Andhra Pradesh.

Phase 3: Competitive Bidding and Contracting

- **Transparent Tendering Process:** Issue transparent, competitive tenders with clear and objective evaluation criteria, ensuring a level playing field for Concessionaire (Private Developer).
- **Contract Finalization:** Finalize contracts that balance the interests of the GoAP and Concessionaire (Private Developer), ensuring alignment with state revenue goals and global operational standards.

Phase 4: Operations and Monitoring (O&M)

- **Operationalization of PPPs:** Initiate Concessionaire (Private Developer) under structured agreements with clearly defined roles, responsibilities, and performance expectations.
- **Continuous Monitoring and Evaluation:** Implement a robust monitoring and evaluation framework to track performance, ensure compliance with agreements, and identify areas for improvement.
- **Adaptive Management:** Periodically review and adapt policies based on performance data, global trends, and emerging best practices in port operations.

6.2.2. Licensing of Captive Ports

i. The main objective of the Captive Jetty Development is to aid and promote Port-led industrial development through improved Port linking infrastructure in the State.

ii. The Concessionaire (Private Developer) will finance, develop, and operate ports designed for specific end-user industrial needs.

iii. The Ownership of the Port Land & Waterfront allotted to the Concessionaire (Private Developers) will rest with GoAP. The Government will license the land to the Concessionaire as per the existing land policy and guidelines approved by the GoAP.

iv. The Captive Port would be awarded to the Concessionaire based on Public Private Partnership (PPP) model on the following criteria:

- Leverage private sector investment and expertise.
- Enhance and upgrade overall port infrastructure.
- Drive economic growth through the Quantum of Livelihood generation and improve logistical efficiencies.
- The cost of construction of the port tailored to the requirements of the industrial cargo, repair & maintenance, and management of the Project during the license

period will be borne by the Concessionaire (private player) and no liabilities whatsoever will devolve on GoAP at any point in time.

Waterfront Royalty (WFR):

A "Waterfront Royalty" will be paid by the Concessionaire (Private Developer) to GoAP exclusively. This royalty will be paid by all new ports, irrespective of the ownership structure. GoAP will publish a schedule of charges for this purpose and these would be subject to revision at specified intervals. The revision will be done through a pre-specified formula or a transparent mechanism.

6.2.3. Licensing of Commercial Ports- Brownfield

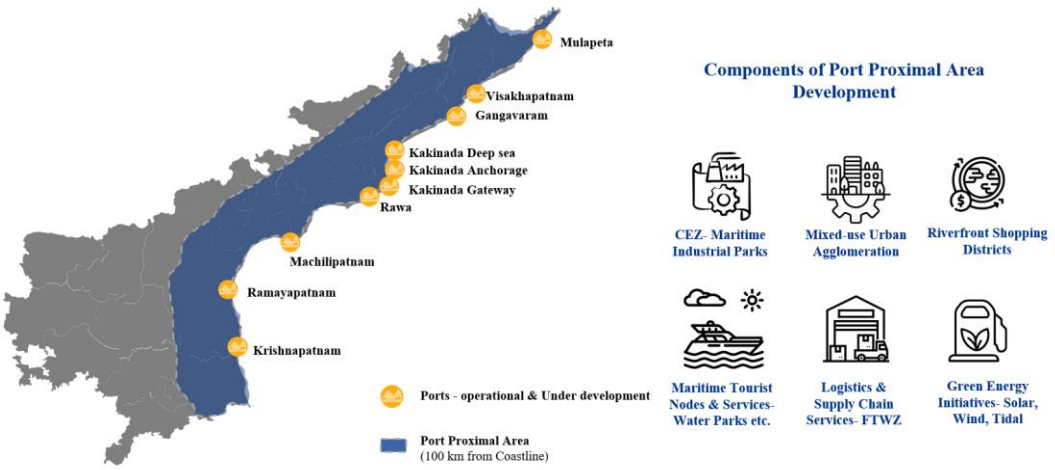
i. The Non-major Ports (Brownfield) under the GoAP will be offered for commercial development through private participation. A strategic approach to upgrade and develop existing port project assets will be adopted.
ii. The entire project will be based on models 1 & 2 detailed in Clause 6.2.1.
iii. The Concessionaire (Private Developer) will be responsible for upgrading the port with advanced technology, operating and maintaining it and no liabilities whatsoever will devolve on GoAP at any point in time.

The incentives for this pillar under APMP 2024 are outlined in Chapter 8.

6.3. Port Proximal Area Development

The Port Proximal Area (PPA) Development initiative seeks to stimulate economic growth within a 100 km offset from the coast by promoting industrialization and urban development through collaborative People-Public-Private Partnerships (PPPP). This approach prioritizes community empowerment and implements measures to improve socio-economic conditions, ultimately enhancing the quality of life for residents. Key components of the Port Proximal Area development will include:

- **Coastal Economic Zones (CEZ):** Establishing an ecosystem of maritime industrial parks and mixed-use urban agglomerations to promote diverse economic activities.
- **Mixed–use Urban Agglomeration:** Creating integrated communities that combine residential, commercial, and recreational spaces, fostering economic diversity and sustainable urban growth within the Port Proximal Area (PPA).
- **Waterfront/Riverfront development:** Utilize the waterfront for recreational activities.
- **Logistics & Supply Chain Services:** Developing facilities such as Free Trade Warehousing Zones (FTWZ), MMLPs, Logistic Parks, ICDs, CFS, Private Freight Terminals (PFTs), cold chains etc. for efficient logistics.
- **Maritime Tourism**: Creating tourist nodes and services, including water parks and riverfront/seafront shopping districts, flotels, marinas, watersports, etc. to attract visitors and boost the local economy.
- **Green Energy Initiatives:** Implementing renewable energy projects like solar, wind, and tidal energy to support sustainable development. Promote the use of AP Integrated Clean Energy Policy 2024 and other guidelines issued by the New & Renewable Energy Development Corporation of Andhra Pradesh Ltd for the development of PPA.



A Planning & Monitoring Wing under the State Maritime and Waterways Transport Committee (SMWTC) will be established to oversee the implementation and monitoring of the projects or industries developed within the radius of the PPA.

Eligibility of Projects within the Port Proximal Area:

- Port Dependent Industries (PDI) - Industries that have a direct dependency on the corresponding Port with regards to imports of raw material or export of finished goods or are part of the PPA ecosystem as approved by GoAP.
- The industries will contribute to the development of the port and serve as ancillary support for the Port Development located in the Port Proximal Area (PPA).
- Logistic facilities such as ICD, CFS, MMLPs, Logistic parks, PFTs, warehouses, etc. supporting the port, port's user, and PDIs will be accorded necessary permission by the GoAP to be set up within the radius of the PPA.
- Port-based SEZ, CEZ, FTWZ, etc. will be accorded necessary permission by the GoAP to be set up within the radius of the PPA.
- A Planning and Monitoring Wing under SMWTC will accord permission for setting up industries and logistic facilities in the PPA.

Township and Social Infrastructure Development in PPA

APMB along with the Development Authority will promote urban development by supporting physical & social infrastructure and necessary educational/skill development institutions. The Port Dependent Industries (PDI) within PPA will be encouraged to set up residential townships within the zone allocated for urban development in PPA. The development strategy in the Port Proximal Area (PPA) as per the necessary statutory approval from GoAP will focus on:

- Land for urban development integrated with ports and industries can be explored through the Land Pooling Scheme or Town Planning Scheme of Andhra Pradesh State.
- Development of the Urban areas with necessary physical and social infrastructure such as road connectivity, water supply, etc.
- The development of port-based SEZs or FTWZs.
- Enhancing the port linkages or connectivity with existing industrial parks.
- Andhra Pradesh Maritime Board (APMB) and Andhra Pradesh Industrial Infrastructure Corporation (APIIC) will acquire land based on the prevailing land policies of GoAP for setting

up industrial estates in proximity to the ports within the PPA, for the efficient movement of raw materials and finished goods.

- The Government will also drive the development of logistics service clusters/ MMLPs in the PPA to attract more cargo to the ports.
- The Government along with APIIC may also facilitate obtaining permissions from related state departments (Public Works Department, Pollution Control Board, Forest Department, etc.) for various infrastructure facilities.

Connectivity Enhancement

Connectivity infrastructure forms a critical part of the success of any infrastructure project including maritime infrastructure projects. GoAP will aim to create seamless rail/road connectivity to the Ports and Port Proximal Area and integrate it with the Industrial corridors.

1. Road Connectivity

- The port developer will be responsible for the development of road connectivity to the nearest highway-state/national. However, GoAP may assist by acquiring land for road connectivity projects on a case-to-case basis within the port limits.
- Models for the development of road linkage from state highways to national highways will, inter alia, include:
    - Development by PWD as per extant norms, rules, and regulations. PWD may consider a grant of First Right of Refusal to the port developer in case of a Design-Build Finance-Operate-Transfer (DBFOT) project.
    - Development by a private player (includes the port developer).
    - The private developer may develop the road by forming a Special Purpose Vehicle (SPV) with participation from the State govt., APMB, Sagarmala Development Company Limited, etc. Equity participation from Govt. entities may enhance the viability.
    - The private developer may seek a grant from the Central Government or state government as applicable.
    - The private developer will acquire land for the road linkage project. However, assistance for the same may be provided by the GoAP.
- Road linkage project's expenditure can be recovered by private players through the levying of tolls on port traffic. The local traffic will be exempted from toll charges as a social responsibility.

2. Rail Connectivity

Rail linkage projects for ports may be structured on a joint venture or non-government railway model as per Policy No. 2011/infra/12/32 issued by the Ministry of Railways. Any new amendments or policies replacing the existing policy issued by the Ministry of Railways will apply. The policy provides participative models for rail connectivity and capacity augmentation. The State government and/or any other government entity may also participate in the equity investments in both non-government and joint venture models.

Institutional Mechanism:

To enhance port and maritime growth in Andhra Pradesh, developing connectivity infrastructure and expanding road and rail capacities are critical. Hence, to synchronize the development of road

and rail infrastructure connectivity to the ports in Andhra Pradesh, APMB will coordinate with stakeholder agencies through the Planning and Monitoring Wing under SMWTC.

Fiscal Incentives:
Under APMP 2024; eligible projects within the PPA will be incentivized based on the Fixed Capital Investment (FCI) range, categorized as Sub-large, Large, Mega, and Ultra Mega for providing the relevant incentives as per the Andhra Pradesh State Industrial Policy (4.0) 2024 - 2029 (outlined in Chapter 8) or as per the relevant amendments to the State industrial policy from time to time ensuring a consistent framework for investment support across sectors.

6.4. Shipyard & Cluster Development

Objective:
Based on the present shipbuilding ecosystem and the vision to develop a holistic Andhra Pradesh Maritime ecosystem, GoAP will plan to develop shipbuilding and ship repairing yards along with necessary ancillary facilities under APMP- 2024. GoAP has adopted a cluster-based approach to developing shipbuilding and ship-repairing industries in collaboration with APMB & APIIC. APMP - 2024 aims to foster sustainable growth and economic development in Andhra Pradesh by enhancing the shipbuilding and ship repair industries through the following objectives:

- To grow AP's share in the national target of the sector to 25% by 2047.
- To explore potential & resources available and to attract investment for the shipbuilding & ship repair sector.
- To establish world-class shipyards and repair facilities.
- To ensure sustainable and environmentally compliant shipbuilding practices.
- Boost the overall socio-economic development of the coastal region.
- To support ancillary industries and create employment opportunities.
- To explore opportunities to attract Defense shipbuilding and shipyards to the state of Andhra Pradesh through appropriate collaboration.

Development of shipyard for shipbuilding and ship repairing are based on the broadly segmented three (3) models:

Model 1: **Shipyard development at Landlord ports**

i. This model will be applied to the Greenfield ports such as Ramayapatnam, Machilipatnam, and Mulapeta which are under construction, and any other greenfield ports developed in the future.
ii. The development of shipyard projects will be undertaken by the Concessionaire (Private Developer) through a long-term lease or mutually agreed concession agreement based on the relevant Public-Private Partnerships (PPP) models as mentioned in the Policy.
iii. This model will encourage private entities to invest in and develop the shipyards, ensuring the necessary infrastructure is built to support maritime activities.

Model 2: **Shipyard development at Private Ports**

i. This model will apply to existing brownfield operational ports under APMB such as:
    - Gangavaram
    - Kakinada Anchorage
    - Kakinada Deep Water

- Rawa
- Krishnapatnam

ii. Under this model the Concessionaire (Private Developer) will have the flexibility to develop shipyards either independently or in partnership with other entities (through sub-licensing), this involves promoting private sector involvement in enhancing port infrastructure.

iii. Responsibility to provide infrastructure facilities and access linkages will be of the Concessionaire (Private Developer) and/or Shipyard Company.

Model 3: **Standalone Shipyard Development**

i. This model will be applicable to the development of a standalone shipyard for shipbuilding and ship repairing.

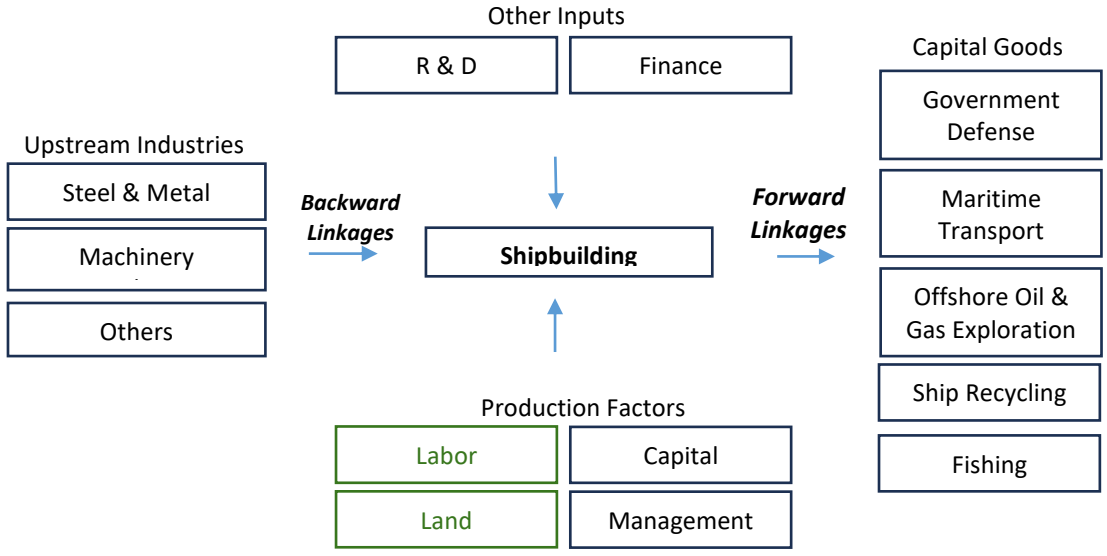
ii. This model emphasizes the need for conducting techno-economic feasibility studies and creating a detailed development plan (Master Plan) for the establishment of standalone shipyards in exceptional cases where marine parameters, environmental conditions, and land availability are suitable.

Best Practices to be adopted for the establishment of Shipbuilding & Ship Repair yards in Andhra Pradesh State:

- Develop Specialized Facilities: Focus on specific vessel types (e.g., cargo ships, passenger vessels).
- Establish Integrated Clusters: Clusters that include ship repair facilities, spare parts manufacturing, equipment suppliers, and testing facilities.
- Build strong supply chain networks to reduce dependency on imports.
- Create Maritime Skill Development Centers: Offer specialized training programs in modern technologies and automation systems. Include training on green shipbuilding and repair practices aligned with international standards.

Ship Building Value Chain:

Statistics show that the multiplier effect of one worker employed in a shipyard is approximately 6.4 on ancillary industries. Thus, it necessitates the need for the development of shipbuilding and ship repairing yards based on an Industrial Value Chain Model as per the following illustration:



Fiscal Incentives:

Government of India Incentives for Shipbuilding:

1) Ship Building Financial Assistance Policy (SBFAP):
    - 20% Subsidy offered to shipyards for vessels constructed in India.
    - 30% subsidy for green vessels, policy to include green conversions of existing ships.
    - Financial Assistance Policy (FAP) for Indian shipyards for 10 years, for contracts secured between 01.04.2016 and 31.03.2026.
    - Brownfield:
        - Interest subvention (reduction by a maximum of 7% to bring the interest rate to 5% interest) on loans for brownfield expansion shipyards or reviving defunct shipbuilding assets.
        - Support capital dredging.
2) Shipbreaking Credit note:
    - A credit note of 40% of the ship's scrap value is to be issued to the shipowner when the vessel is scrapped in an Indian Yard
    - Credit note would be reimbursable against the cost of construction of a new vessel at an Indian shipyard.

The incentives for this pillar under APMP 2024 are outlined in Chapter 8.

6.5. Allied Maritime Activities

6.5.1. Fishing Harbors, Fisheries & Related Activities

The development plans for fishing harbors, fisheries, and related activities in the Andhra Pradesh coastal region include:

i. Development of four (4) fishing harbors under Phase-1:
    - Juvvaladinne,
    - Uppada,
    - Machilipatnam and
    - Nizampatnam.

ii. Development of six (6) fishing harbors under Phase-2:
    - Budagatlapalem,
    - Pudimadaka,
    - Biyyaputhippa,
    - Kotthapatnam,
    - Vodarevu and
    - Manchineellapeta.

iii. Under APMP 2024, GoAP will also encourage the development of fishing-related industries near fishing harbors, including canning, filleting, freezing, packaging, processing, and logistics units through Landlord mode based on the relevant People-Public-Private Partnerships (PPPP) models.

iv. GoAP would explore ways to develop fishing harbors in the hub and spoke model to enhance the efficiency and sustainability of the fisheries sector. This approach involves designating ports as "hubs" and fishing harbors as "spokes." GoAP would encourage the development of Cold storage facilities, Processing plants, Auction halls, Value-added processing units, Research and development centers, and other export facilities.

APMB in collaboration with the Department of Fisheries envisaged to:

i. Conduct feasibility studies for developing and upgrading (existing & upcoming) fishing harbors.
ii. Fishing harbor will be developed as a Hub & Spoke model for the nearest Non-major Ports, this model can be implemented through feeder vessel services for cargo movement between ports and the fishing harbor.
iii. Encourage private sector involvement in infrastructure creation and/or Operation & Maintenance of the Fisheries infrastructure.
iv. Facilitate the development of post-harvest infrastructure like pack houses, cold storages, and ripening chambers.
v. Facilitate the establishment of backward linkage and promotion of value addition through processing units.
vi. Based on the Landlord Model, financial assistance for construction and maintenance of fishing harbors and regulatory framework will be provided to facilitate private investment while retaining ownership.
vii. Facilitate the distribution of financial and operational risks to incentivize participation in harbor developments under the People-Public-Private Partnership (PPPP) model.

6.5.2. Coastal Shipping, Inland Waterways & Tourism

Coastal shipping presents a viable alternative mode of transportation to address the challenges of port connectivity within the state. The region's high industrialization and substantial agricultural output offer significant potential for cargo transportation via coastal shipping. Additionally, Andhra Pradesh's extensive coastline, dotted with numerous creeks, positions coastal shipping as an effective means of transportation for both goods and people.

GoAP in collaboration with the Andhra Pradesh Maritime Board (APMB) and Andhra Pradesh Inland Waterways Authority (APIWA) will focus on enhancing coastal shipping, inland waterways & water tourism through the following initiatives:

i. Development of proposed RO-RO routes for transportation of cargo and passengers as well as other maritime projects along the following routes :
    - Muktyala to Madipadu, (River Krishna)
    - Ibrahimpatnam to Harischandrapuram (River Krishna)
    - Seethanagram to Thadipudi (River Godavari)
ii. Dedicated infrastructure at the RO-RO/RO-PAX terminal will be created to promote coastal shipping under the PPP model.
iii. Integrating RO-RO and ferry services with other modes of transportation within the state.
iv. Coastal cargo handled at non-major ports/jetties in the state will be incentivized and impetus will be given to river-sea vessels, mini bulk carriers, and other suitable vessels for inland and coastal movement.
v. GoAP will endeavor to sign cooperation agreements with other maritime states to increase inter-state cargo volumes and ceaseless navigation in inland waterways.
vi. Development of National Waterways along the proposed locations:
    - River Krishna, River Godavari, Kakinada, Eluru & Buckingham Canal (NW -6) of length 813 km.
    - River Penna (NW -79) from Penna Barrage to Bay of Bengal Confluence of length 29 km.

- River Tungabadhra (NW -104) from Murva Konda Village (Confluence with river Krishna) to Chikka Jantakal Village (SH – 29 - Kampali Bridge) of length 58km.
- Any other future potential waterways identified.

vii. Promoting the development of standalone shipbuilding and ship repair yards along the Inland Waterway routes.

viii. Facilitating tourism activities, including construction of cruise terminals, marinas, flotels, etc. in coordination with Andhra Pradesh Tourism Development Corporation (APTDC) along inland waterways and seaports.

ix. Equipping Standard Operating Procedures for major water tourism destinations.

x. GoAP will appoint suitable and competent agencies to conduct feasibility studies and prepare DPRs along the National Waterways to ensure effective Inland waterways transportation.

The incentives for this pillar under APMP 2024 are outlined in Chapter 8.

6.5.3. Sustainable Maritime Development

GoAP is envisioned to be a maritime leader in India's port development and specialized cargo handling. To promote sustainable growth in the ports and maritime sector in Andhra Pradesh, GoAP encourages a sustainable maritime development model that integrates environment-friendly practices for port activities, operations, and management. GoAP aims:

- Minimal carbon footprint in the ports with a target to be national lowest by 2030 and global lowest by 2047.
- Adoption of clean fuel by vehicles in the port ecosystem, by upsurging LNG bunkering for easing the transition, amongst others.
- Adoption of electrified equipment in all non-major ports of Andhra Pradesh state.
- Develop shore-to-ship power targeting power supply to coastal vessels by 2027 and EXIM vessels by 2047.

The GoAP will encourage and support the development of the following sustainable activities in port operation:

- **Clean Energy and Self-Sustaining Ports:** Transition to clean energy sources and encourage Green Energy generation within Port Clusters.
- **Eco-Friendly Cargo and Operations:** Promote sustainable cargo handling, including bulk-to-palletized cargo conversions, and eco-conscious ship recycling adhering to national and international regulations.
- **Regulatory Reforms and Digitalization for Ease of Doing Business:** Implement a digital plan to enhance the competitiveness of ports and jetties, creating a SMART ecosystem for all port operations, shipping, and logistics activities.
- **MoU Tie-ups with National and International Institutions/Organizations:** Execute Memorandums of Understanding (MoU) with educational and research institutes such as the Indian Institute of Technology (IITs) and international agencies to explore marine energy resources.
- **MoU with State's Energy Department** (Andhra Pradesh Energy Department and New & Renewable Energy Development Corporation of Andhra Pradesh Ltd.): Provision of Solar/Wind grid connection to the ports to adapt electrified equipment in the ports and shore to ship electricity.
- Under APMP 2024, eligible sustainable initiatives/projects may avail incentives as outlined in the Andhra Pradesh Integrated Clean Energy Policy (4.0) (2024- 2029).

- GoAP will encourage its Concessionaire (Private Developer) to comply with the latest "Harit Sagar"- Green Port Guidelines or other guidelines issued by the Central Government from time to time.
- Incentives Provided under Andhra Pradesh Integrated Clean Energy Policy 2024 and other guidelines issued by the New & Renewable Energy Development Corporation of Andhra Pradesh Ltd will be applicable for maritime industries and ports.

The incentives for this pillar under APMP 2024 are outlined in Chapter 8.

6.5.4. Maritime Education, Research & Training

The evolving demands of the maritime sector necessitate that Andhra Pradesh strengthen maritime education, research, and training. This can be achieved by establishing Centers of Excellence (CoE), Apprenticeships/ Internships in the ports and maritime allied sectors, Academies/Universities, and Incubators to foster innovation and address technological challenges within the maritime industry.

The GoAP will enable technological assistance from national organizations and international agencies through a Memorandum of Understanding with recognized maritime academies/universities of India such as IMU (Indian Maritime Universities), Indian Institute of Technology (IIT), CEMS (Centre of Excellence in Maritime & Shipbuilding) for availing the necessary training, requisite skills, technology transfer, and adoption.

GoAP in collaboration with the Department of Skill Development & Training (Society for Employment Generation and Enterprise Development in Andhra Pradesh (SEEDAP)) will:

- Set up a state-of-the-art maritime university in the state along with a Centers of Excellence which specializes in emerging maritime technology, research, innovation, and development by collaborating with leading maritime institutions in the country and globally such as IMUs, IITs, CEMS, and in partnership with Major Ports in the country.
- Develop Shipbuilding Skill development centers and develop specialized courses with local universities to support building a skilled workforce.
- Establishment of Port Linked Skill Development Centers.

6.5.5. Maritime Arbitration, Mediation & Dispute Resolution

The Government of Andhra Pradesh (GoAP) plans to establish an International Maritime Arbitration Center in the state. This center will serve as a regulatory body for resolving maritime disputes, enhancing efficiency and fostering confidence among stakeholders in the maritime sector.

Need for a Regulatory Authority:
GoAP will incorporate principles of arbitration, mediation, and conciliation for dispute resolution related to the maritime sector by establishing a reliable dispute resolution mechanism for the maritime sector through the regulatory board.

A regulatory body/wing (International Maritime Arbitration Center) will be set up in the state to ensure effective governance and provide expert oversight. This would consist of experienced judges, bureaucrats, international experts, and other leading experts in the field.

The regulatory body will encompass experienced arbitrators, legal professionals to practice in maritime & admiralty law as well as professionals and experts from the maritime and shipping sector.

Objective:
To provide a clear, efficient, and transparent process for resolving disputes related to maritime investments, thereby enhancing investor confidence and promoting sustainable economic growth in the state.

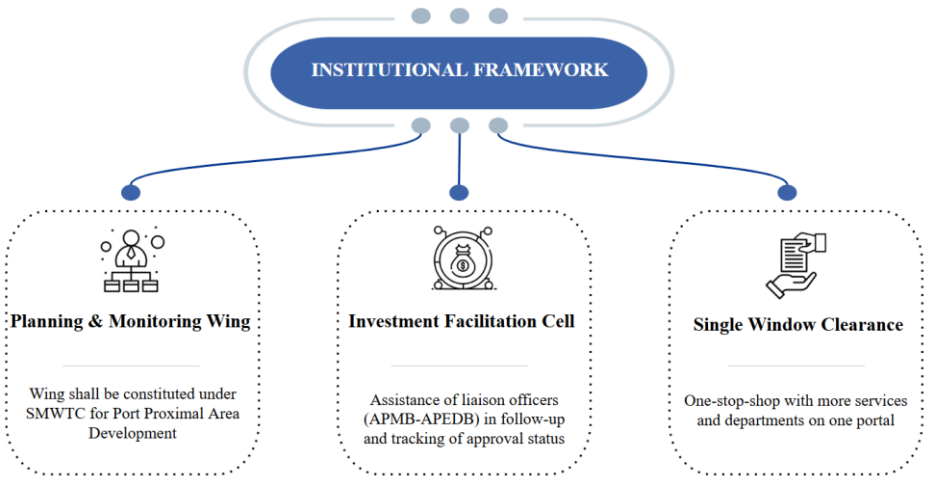
GoAP will support with providing requisite training, infrastructure, and facilities to set up the International Maritime Arbitration Centre in the Port Proximal Areas.

The powers of a Maritime Dispute Resolution Regulatory Authority may include:

- Establishment of arbitration processes under Maritime Regulatory with world-class experts and arbitrators.
- Overseeing compliance with performance standards by port authorities and Concessionaire (Private Developer).
- Advising the Government on maritime policies and regulations.
- Fixing rates for services and determining application conditions.
- Adjudicating disputes between port authorities, Concessionaire (Private Developer), and service users.

7. Institutional Framework

The APMP 2024 policy encompasses provisions to strengthen the governance framework, thereby accelerating the development of the maritime sector. It aims to leverage Government of India initiatives, enhance cargo handling capacity, and foster port development. Additionally, the policy advocates for facilitating port-linked industrial growth, promoting coastal shipping and maritime allied services, and sustainable port development.


INSTITUTIONAL FRAMEWORK
Planning & Monitoring Wing
Wing shall be constituted under SMWTC for Port Proximal Area Development
Investment Facilitation Cell
Assistance of liaison officers (APMB-APEDB) in follow-up and tracking of approval status
Single Window Clearance
One-stop-shop with more services and departments on one portal

7.1 Planning & Monitoring Wing

The overall members of the Planning & Monitoring wing under the State Maritime Waterways Transportation Committee (SMWTC) may include:

#	Proposed Member	Department/Agency	Responsibilities
1	Chief Executive Officer (CEO)	Andhra Pradesh Maritime Board (APMB)	Oversight of port operations and maritime activities. Planning and development of port infrastructure, ensuring compliance with maritime regulations, and coordinating with other departments.
2	Managing Director	Andhra Pradesh Tourism Development Corporation (APTDC)	Developing tourism infrastructure around ports, promoting lighthouses, beaches, and eco-tourism.
3	Managing Director	Andhra Pradesh Road Development Corporation (APRDC)	Constructing and maintaining roads connecting to ports, ensuring seamless transportation and logistics.
4	Vice-Chairman & Managing Director	Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC)	Supporting industrial development projects, and providing infrastructure for industrial parks and SDZs.
5	Chief Executive Officer (CEO)	Andhra Pradesh Inland Waterways Authority (APIWA)	Developing and maintaining inland waterway routes, ensuring efficient cargo movement.
6	Commissioner	Municipal Administration & Urban Development (MA&UD) Dept	Updating master plans, facilitating land use changes, and ensuring urban infrastructure development.
7	Managing Director	Energy Departments (Andhra Pradesh Energy Department and New & Renewable Energy Development Corporation of Andhra Pradesh Ltd-NREDCAP)	Providing energy infrastructure, ensuring sustainable power supply to port areas.
9	Engineer in Chief	Water Resources Dept.	Allocation of water from neighboring reservoirs.
10	Commissioner	APIIC/Rural Water Supply & Sanitation (RWSS) Dept./MA&UD Dept.	Arranging water supply during the construction phase, facilitating water pipeline works.
11	Managing Director	Transmission Corporation of Andhra Pradesh (AP TRANSCO)/Discoms	Priority provision of substations and power lines, organizing land for substations by District Collectors.
12	Commissioner	Panchayati Raj & Rural Development (PR&RD) Dept.	Providing utilities in rural areas.

#	Proposed Member	Department/Agency	Responsibilities
13	Member Secretary	Andhra Pradesh Pollution Control Board (APPCB)	Priority handling of environmental clearances, integrating schemes for setting up industries and industrial parks.

7.2 Dedicated Investment Facilitation Cell

i. To reduce the hassle of coordinating with multiple agencies post-submission of requests for various approvals on the Single Desk Portal, GoAP has created an investment facilitation cell.

ii. Each investor will be assisted by a Liaison officer under the Planning and Monitoring Wing of SMWTC, who helps the investor in following up with different line departments and keeps the investor updated on the progress of approvals and various prerequisites pending with the investors.

7.3 Single Window Mechanism

i. Among the many initiatives undertaken as part of facilitating industry set-up in the State, GoAP launched the Single Desk Portal (SDP) in June 2015. The one-stop shop is helping industries obtain more than 93 regulatory clearances required to set up and operate a business in 21 days.

ii. The SDP supports end-to-end transaction processing with online payment and application status tracking. Investors can obtain clearances belonging to 19 departments covering Pre-establishment approvals, pre-operation approvals, and renewals.

8. Incentives Offered by the State Government

Incentives for Pillar 1: Port & Terminal Development

#	Incentives	APMP 2024
1	Exemption from royalty on Minor Minerals	7-year royalty exemption for minor minerals in the Development of port projects., related construction, and other related activities of Port.
2	Exemption from non-agricultural assessment charges	No charges for land use change for Port projects and related activities.
3	Port Dues	Exemption from Port Dues for New Port Projects.
4	Exemption from electricity duty	No electricity duty during port construction phase.
5	Exemption from stamp duty	Stamp duty exemption on first instruments for development, operation, and maintenance of Port projects.
6	Power Tariff	Industrial power tariff is proposed to be charged for Port Projects.
7	SGST – for the construction phase	SGST exemption on port project construction inputs.

Incentives for Pillar 2: Port Proximal Area Development

#	Incentives	APMP 2024
Incentives and Concessions for Sub-Large Industries		
1	Capital Subsidy	12% of FCI for projects achieving DCP within the standard investment period. Disbursed in 5 equal annual installments from the DCP.
2	Employment Subsidy	Employment to Investment Ratio 5 & Above - 10% of FCI > = 3 and< 5 - 9% of FCI > = 1 and< 3 - 8% of FCI Less than 1 - NIL Disbursed in 5 equal annual installments from the DCP.
3	Local Procurement subsidy	Exporting units: 1% of annual export turnover, accumulated over the financial year will be reimbursed.
4	Power Cost reimbursement	@INR 1 per unit for 2 years from the date of DCP.
5	Net SGST reimbursement	100% Reimbursement for 5 years from the date of DCP.
6	Top-up from PLI	An additional 10% of the incentive is sanctioned under the PLI scheme by GoI. Disbursed in 5 equal annual installments from the DCP.
Incentives and Concessions for Large Projects		
1	Capital subsidy	12% of FCI for projects achieving DCP within the standard investment period.
2	Employment creation subsidy	Employment to Investment Ratio 5 & Above - 10% of FCI > = 3 and< 5 - 9% of FCI > = 1 and< 3 - 8% of FCI Less than 1 - NIL Disbursed in 5 equal annual installments from the DCP.
3	Local Procurement Subsidy	1% of annual export turnover, accumulated over the financial year will be reimbursed
4	Net SGST reimbursement	100% Reimbursement for 5 years from the date of DCP
5	Top-up from PLI	An additional 10% of the incentive sanction under the PLI scheme by GoI Disbursed in 5 equal annual installments from the DCP
6	Decarbonization	Non-red: 20% Red: 25% % of eligible project cost subject to a maximum of 6% of FCI
7	Stamp duty	100% reimbursement on stamp duty and transfer duty
8	Land conversion	100% fee charged for land conversion will be reimbursed
Incentives Proposed – Mega and Ultra Mega		
1	Capital Subsidy	15% of FCI subject to installation of committed total plant capacity. 5% of FCI on 50% of Capacity 5% of FCI on 75% of capacity Balance 5% on 100% of capacity Disbursed in 10 equal annual installments from the DCP
2	Employment Subsidy	5 & Above - 10% of FCI > = 3 and< 5 - 9% of FCI > = 1 and< 3 - 8% of FCI

#	Incentives	APMP 2024
		Less than 1 - NIL Disbursed in 10 equal annual installments from the DCP
3	Net SGST reimbursement	100% Reimbursement for 5 years from the date of DCP
4	Top-up from PLI	An additional 10% of the incentive sanction under the PLI scheme by GoI. Disbursed in 5 equal annual installments from the DCP
5	Decarbonization	Non-red: 20% | 30% Red: 25% | 35% % of eligible project cost subject to a maximum of 6% of FCI
6	Stamp duty	100% reimbursement on stamp duty and transfer duty
7	Land conversion	100% fee charged for land conversion will be reimbursed

**As per the Industrial Development Policy IDP 4.0

Special Package for Early Bird Project Scheme		
Category	**Eligibility**	**Incentive**
Category-I	For the first 200 projects, meeting eligibility conditions, and receiving CFE within 18 months of notification of this policy.	Capital Investment subsidy @ 30% of FCI.
Category-II	Value-added manufacturing, investments in sectors/sub-sectors identified for promotion by GoI under any PLI schemes, and meeting eligibility conditions.	Capital Investment subsidy @ 40% of FCI.

**As per the Industrial Development Policy IDP 4.0

Timeline: CFE to be received within 24 months from notification of this policy.

Limitations:

- Companies availing benefits under category II are not eligible to avail benefits under Category-I.
- The incentives for category I and II in this "Early Bird Project Scheme", will override the "incentive subsidy" applicable in the respective investment band for all Sub Large, Large, Mega & Ultra Mega.

Incentives for Pillar 3: Shipyard and Cluster Development

#	Incentives	APMP 2024

1	Pre-feasibility study for location identification	• GoAP will carry out a study for the identification of suitable locations or potential areas for the establishment of infrastructure for shipyards (shipbuilding/ship repair).
		• The land will be identified under the following categories showcased in the order of priority for land allotment:
		  ○ Identified maritime clusters.
		  ○ Additional land available in ports under APMB.
		  ○ Standalone greenfield projects in identified and viable land parcels.

2	Centralized land aggregation, development and allocation	• GoAP will facilitate coordination between suitable agencies in carrying out land aggregation, land allocation and facilitate provision of trunk infrastructure.
		• Land will be allocated in any of the following ways:
		  ○ Land in port area or identified cluster area to be provided at tailor-made subsidized rate for the anchor units with need of >500 acres and >INR 4000 crores of overall investment.
		  ○ Land may be provided on a long-term lease (30 – 60 years) at nominal rate.
		• Government will strive to reduce the various hurdles in procurement of the allotted land such as issues related to Right of Way (RoW), Change of Land Use (CLU) permissions etc.

2	Tax Benefits	• Exemptions for customs duties on raw materials. • Tax credits on R&D investments in green technologies and eco-friendly vessels.
3	Subsidies and Financial Support	• Subsidies on shipbuilding costs for indigenous ships. • Interest rate subventions on loans for new shipbuilding projects. • Subsidy of 2-5% on goods and services procured from MSMEs registered in AP. • Provision of access to water and electricity @50% subsidized rate for a period of 10 years and an increase @10% on Y-o-Y basis for the subsequent 5 years.
4	Exemption of WFR	Up to 10% cargo charge exemption for shipbuilding raw materials.
5	Reimbursement of Stamp Duty and Registration Fee	• One-time reimbursement of @100% of Stamp Duty and Registration Fee for establishment of new shipbuilding, ship repair and ancillary units.
6	SGST Exemptions	• SGST exemption on Shipyard construction inputs. • SGST waiver on Shipyard-made ships and vessels for 7 years.
7	Exemption from Electricity Duty	For the first 10 years of operations for Shipyards as well as ancillary industries in the identified clusters.

Incentives for Pillar 4: Maritime Allied Activities

Coastal Shipping, Inland Waterways & Tourism

#	Incentives	APMP 2024
Fiscal Incentives for Coastal Shipping		
1	Tailor-made incentive	Tailor-made incentives for the transportation of non-captive cargo via Coastal Shipping within the state or from any other Indian Port and for sustainable shipping operations.
2	WFR	50% Waterfront Royalty (WFR) concession for coastal shipping within AP.
3	Exemption from VAT	VAT exemption on High-Flash High-Speed Diesel for Ro-Ro/Ro-Pax operation within AP.
4	VGF	Facilitates Inland waterway & coastal shipping project development with Viability Gap Funding (VGF) for an initial period of 3 years based on the techno-economic study.
Fiscal Incentives on Water Tourism		
1	WFR	Tailor-made incentives on Waterfront Royalty (as discussed in clause 6.2.2) in proportion to the employment and investment generated.
Fiscal Incentives for Cruise Tourism		
1	Port Dues	25% discount on Port Dues for cruise liners in AP
2	Passenger Levy	Tailor-made incentives with a range of 25-50%
Fiscal incentives for Flotels, Houseboats, Seaplanes, and Amphibian buses		
1	Port Dues	25% concession on Port Dues for all new flotels, houseboats, seaplanes, amphibian buses, fishing vessels, harbor/river cruises, and floating cottages.
2	Passenger Levy	Tailor-made incentives with a range of 25-50% exemption on Fees
Fiscal Incentives for Mega Projects (Special Package)		
1	Customized Incentive Package	Mega Projects with PCI > INR 3000 Cr can avail multiple fiscal incentives if they have multiple development components that will be tailor-made.
Fiscal Incentives for Marine Tourism (As per AP Tourism Policy, 2024)**		
Fiscal Incentives for Tourism		

<table>
<tr><th>#</th><th>Incentives</th><th>APMP 2024</th></tr>
<tr><td>1</td><td>Capital Investment Subsidy</td><td><table>
<tr><th>Category</th><th>in INR Crore</th></tr>
<tr><td>Micro</td><td>up to 1</td></tr>
<tr><td>Small</td><td>above 1<=10</td></tr>
<tr><td>Medium</td><td>Above 10<=50</td></tr>
<tr><td>Sub-large</td><td>-</td></tr>
<tr><td>Large</td><td>51-250</td></tr>
<tr><td>Mega</td><td>251-500</td></tr>
<tr><td>Ultra Mega</td><td>501+</td></tr>
</table>
Additional subsidies for women/SC/ST and disabled- 5% up to ₹5 lakhs</td></tr>
<tr><td>2</td><td>Quality certification for MSMEs</td><td>National- ₹2 lakhs
International- ₹10 lakhs</td></tr>
<tr><td>3</td><td>SGST Reimbursement</td><td>100% up to 10% of FCI for 7 years</td></tr>
<tr><td>4</td><td>Employment Subsidy</td><td>Employment-Based Subsidy: Based on Employment-to-Investment (E/I) ratio: Investment in INR Crore
25: 10% of FCI
15-25: 9% of FCI
5-15: 8% of FCI
< 5: No subsidy</td></tr>
<tr><td>5</td><td colspan="2">Capital subsidy – Additional 2% and 1% of FCI for projects within 1 and 2 years of Government Order
Capital subsidy – Additional 1% of FCI for projects in locations - ‘Known but Unexplored Gems’
Water supply charges, Sewage Tax, Property Tax at Industrial Rates
All incentives are limited to 100% of FCI
Tailor-made incentives for Mega & above investments (> 250 Cr)</td></tr>
</table>

Sustainable Maritime Development

#	Incentives	APMP 2024
Fiscal Incentives for Sustainable Development Projects (As per AP Integrated Clean Energy Policy, 2024)**		
Fiscal Incentives for Solar Manufacturing and Wind Power Projects		
1	Capital Subsidy	25% of Fixed Capital Investment (FCI) for manufacturing plants, including captive generating plants and mines. Paid over 5 years from the Commercial Operation Date (COD).
2	Land Acquisition	Priority allotment of government land on a long-term lease at INR 31,000/acre/year with 5% escalation every 2 years.
3	SGST Reimbursement	100% reimbursement of net SGST on product sales for a period of 5 years.
4	Power Tariff	Electricity tariff subsidy of INR 1.0/kWh for 10 years from COD. Reimbursement of applicable electricity duty for 10 years.
5	Industrial Water Supply	25% exemption on industrial water charges for 10 years.
Fiscal Incentives for Green Hydrogen & Its Derivatives		
1	Capital Subsidy for Electrolyzer Projects	25% subsidy on plant and equipment costs, max of INR 1 Cr. per MW or INR 1 Cr. per 1,400 TPA. Applicable only for plants with a minimum capacity of 150 KTPA, limited to the first 10 plants or up to 1.5 MTPA capacity.
2	Capital Subsidy for Integrated Facilities	For Green Ammonia: 25% subsidy, max of INR 1.85 Crore per KTPA. For Green Methanol: 25% subsidy, max of INR 2.25 Crore per KTPA.
3	Capital Subsidy on Desalination Plant	20% subsidy on FCI, max of INR 1 Cr. per MLD, paid over 5 years post commissioning.
4	SGST Reimbursement for Green Hydrogen Sales:	100% reimbursement of net SGST revenue from sales within the state for a period of 5 years from COD.

9. Policy Implementation & Monitoring

This Andhra Pradesh Maritime policy, 2024 is a holistic integrated approach, covering port development, logistics development, services and skills development, and environmental sustainability. To create an enabling structure to expedite the decision-making of the maritime sector, the Andhra Pradesh Maritime Board (APMB) will be the nodal agency for the implementation of APMP 2024. APMB will monitor the policy's implementation and progress periodically, and develop procedures and modalities from time to time, under the institutional mechanism of SMWTC.

10.Operating Guidelines

The Operating guidelines for this policy will be issued separately detailing the definitions of various terminologies and procedures for availing incentives under this policy.

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Appendix: Dovetailing Schemes of the Government of India

Under APMP, 2024 GoAP will facilitate availing the financial incentives provided by various maritime and related schemes of the Government of India. The ongoing Government of India schemes and their objectives are as follows:

#	Scheme	Financial Assistance	Source/Reference
1	**Sagarmala Programme** (MoPSW)	• MoPSW may provide 100% financial assistance for any project based on uniqueness, strategic nature, necessity, merits, and financial condition. • MoPSW provides 50% of financial assistance of the project cost for the projects under the 5 Pillars of Sagarmala.	Sagarmala Funding Guidelines
2	**Viability Gap Funding (VGF) Scheme** (Dept of Economic Affairs)	• For other sector projects such as Transport & Logistics Projects,40% of the total Project Cost (maximum up to 20% by the Central and State Governments each) is available. • 50% of the O&M Costs (maximum up to 25% by the Central and State Governments each).	VGF Funding Guidelines
3	**Shipbuilding Financial Assistance Policy** (MoPSW)	• 20% Subsidy offered to shipyards for vessels constructed in India. • 30% subsidy for green vessels, policy to include green conversions of existing ships. • Ship Repair - Up to 20% subsidy for developing ship repair facilities.	Shipbuilding Financial Assistance Policy
4	**Swadesh Darshan Scheme 2.0** (Ministry of Tourism)	• 100% funding from the Ministry of Tourism for the identified tourism projects as per the eligibility criteria specified under the Swadesh Darshan Guidelines	Swadesh Darshan Guideline
5	**India Infrastructure Project Development Fund (IIPDF)** (Dept of Economic Affairs)	• Payment to the consultant/TA for preparing RFP, DPR, TEFR, and TA based on the percentage of the entire TA bid amount (max 25%) or up to a maximum amount of ₹5 crore whichever is less (Project TA/Seminar/Workshop/Professional Service Expenses, etc.).	Book IIPDF Schemes (05.11.22)
6	**Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDU-GKY)** (Ministry of Rural Development)	Fund Flow: • Central and State Governments in the ratio of 60:40; Funding Component: • DDU-GKY insists on mandatory coverage of socially disadvantaged groups (SC/ST 50%, Minority 15%, Women 33%) and 3% for Persons with Different Abilities (PwDs) through reservations/ earmarked funds in every project.	DDUGKY Guidelines
7	**Special Assistance to States for Capital Investment**	• The maximum amount of incentive available for the state (for urban reform projects) is Rs. 700 crores, & upper limits vary for various parts of the schemes every year. • Projects with a capital outlay of <Rs.5 crores and repair & maintenance projects will not be considered. ** for the year 2022-23	Special Assistance 2022

#	Scheme	Financial Assistance	Source/Reference
8	**Fisheries And Aquaculture Infrastructure Development Fund (FIDF)** (Dept. of Fisheries)	• Quantum of Loan: The project under FIDF will be eligible for a loan of up to 80% of the estimated/actual project cost. • Interest Subvention: Up to 3% per annum for the development of identified fisheries-based infrastructure facilities.	FIDF Funding Guidelines
9	**Pradhan Mantri Matsya Sampada Yojana** (Dept. of Fisheries)	• For a non-beneficiary oriented Centrally Sponsored Scheme (CSS) 60% of the project cost is given while remaining 40% is the state's share is provided for the development of fishing harbors, fish landing centers and other fisheries related infrastructure projects.	PMMSY-Guidelines 2020
10	**Pradhan Mantri Kisan Sampada Yojana** (Ministry of Food Processing Industries)	• Integrated Cold Chain & Value Addition Infrastructure: 35% of eligible project costs in General Areas and 50% in Difficult Areas, as well as for SC/ST, FPOs, and SHGs, with a maximum of **10 crore** per project for Plant & Machinery and Technical Civil Works • Creation / Expansion of Food Processing and Preservation Capacities : 35% of eligible project cost for projects in General Areas and @50% of eligible project cost for projects in Difficult Areas as well as for projects of SC/ST, FPOs and SHGs subject to a maximum of **Rs.5 crore.** • Agro Processing Clusters : 35% of eligible project cost for projects in General Areas and @50% of eligible project cost for projects in Difficult Areas as well as for projects of SC/ST, FPOS and SHGs subject to maximum of **Rs. 10crore.**	PMKSY Scheme
11	**PM Formalization of Micro Food Processing Enterprises** (Ministry of Food Processing Industries)	• Individual units: credit-linked capital subsidy @35% with maximum ceiling of Rs. 10 lakh per unit. • Farmer Producer Organizations (FPO)/Producer Cooperatives & Common Infrastructure: Grant @35% with credit linkage with prescribed maximum limit. • Self Help Groups (SHG): support for capital investment with credit-linked grant @35% with prescribed maximum limit. Seed capital @ R 40,000/- • Branding and Marketing Support: Up to 50% of total expenditure with prescribed maximum limit.	PMFME Guidelines

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